

PILGRIM BANCSHARES, INC.

FORM DEF 14A (Proxy Statement (definitive))

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

Pilgrim Bancshares, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

No fee required.

\$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(j)(2).

\$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

.....

2) Aggregate number of securities to which transaction applies:

.....

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

.....

4) Proposed maximum aggregate value of transaction:

.....

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:



Pilgrim Bancshares, Inc.

April 10, 2017

Dear Stockholder:

We cordially invite you to attend the 2017 Annual Meeting of Stockholders (the “Annual Meeting”) of Pilgrim Bancshares, Inc (the “Company”). Our Annual Meeting will be held at the headquarters of Pilgrim Bank, located at 40 South Main Street, Cohasset, Massachusetts at 9:00 a.m., Eastern time, on Tuesday, May 16, 2017.

The enclosed Notice of Annual Meeting of Stockholders and Proxy Statement describe the formal business to be transacted. Also enclosed for your review is our Annual Report to Stockholders, which contains detailed information concerning our activities and operating results.

The Annual Meeting is being held so that stockholders may vote upon the election of directors, the ratification of the appointment of Baker Newman & Noyes, P.A., LLC (“BNN”) as our independent registered public accounting firm for the year ending December 31, 2017, and any other business that properly comes before the Annual Meeting.

Our Board of Directors has determined that approval of each of the matters to be considered at the Annual Meeting is in the best interests of Pilgrim Bancshares and our stockholders. For the reasons set forth in the Proxy Statement, the Board of Directors unanimously recommends a vote “FOR” the election of directors, and “FOR” the ratification of the appointment of BNN as our independent registered public accounting firm for the year ending December 31, 2017.

On behalf of the Board of Directors, we urge you to sign, date and return the enclosed proxy card as soon as possible, even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person, but will assure that your vote is counted if you are unable to attend the Annual Meeting. Your vote is important, regardless of the number of shares that you own.

Sincerely,

Francis E. Campbell
President and Chief Executive Officer

Pilgrim Bancshares, Inc.
40 South Main Street
Cohasset, Massachusetts 02025
(781) 383-0541

**NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
To Be Held On Tuesday, May 16, 2017**

Notice is hereby given that the Annual Meeting of Stockholders (the "Annual Meeting") of Pilgrim Bancshares, Inc. (the "Company") will be held at the headquarters of Pilgrim Bank, located at 40 South Main Street, Cohasset, Massachusetts at 9:00 a.m., Eastern time, on Tuesday, May 16, 2017.

A Proxy Card and a Proxy Statement for the Annual Meeting are enclosed.

The Annual Meeting is being held so that stockholders may vote on the following matters:

1. The election of three directors of Pilgrim Bancshares, Inc.;
2. The ratification of the appointment of Baker Newman & Noyes, P.A., LLC as the Company's independent registered public accounting firm for the year ending December 31, 2017; and


such other matters as may properly come before the Annual Meeting, or any adjournments thereof. The Board of Directors is not aware of any other business to come before the Annual Meeting.

Any action may be taken on the foregoing proposals at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned. Stockholders of record at the close of business on March 31, 2017 are the stockholders entitled to vote at the Annual Meeting, and any adjournments thereof.

EACH STOCKHOLDER, WHETHER HE OR SHE PLANS TO ATTEND THE ANNUAL MEETING, IS REQUESTED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD WITHOUT DELAY IN THE ENCLOSED POSTAGE-PAID ENVELOPE. ANY PROXY GIVEN BY THE STOCKHOLDER MAY BE REVOKED AT ANY TIME BEFORE IT IS EXERCISED. A PROXY MAY BE REVOKED BY FILING WITH THE COMPANY'S SECRETARY A WRITTEN REVOCATION OR A DULY EXECUTED PROXY BEARING A LATER DATE. ANY STOCKHOLDER PRESENT AT THE ANNUAL MEETING MAY REVOKE HIS OR HER PROXY AND VOTE PERSONALLY ON EACH MATTER BROUGHT BEFORE THE ANNUAL MEETING. HOWEVER, IF YOU ARE A STOCKHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME, YOU WILL NEED ADDITIONAL DOCUMENTATION FROM YOUR RECORD HOLDER IN ORDER TO VOTE PERSONALLY AT THE ANNUAL MEETING.

The Company's proxy statement, Annual Report to Stockholders and proxy card are available on <http://www.envisionreports.com/PLRM>.

BY ORDER OF THE BOARD OF DIRECTORS



Edward T. Mulvey, *Corporate Secretary*

Cohasset, Massachusetts
April 10, 2017

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE US THE EXPENSE OF FURTHER REQUESTS FOR PROXIES. A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

Proxy Statement
of
Pilgrim Bancshares, Inc.
40 South Main Street
Cohasset, Massachusetts 02025
(781) 383-0541

ANNUAL MEETING OF STOCKHOLDERS
To be Held on Tuesday, May 16, 2017

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Pilgrim Bancshares, Inc. (the "Company") to be used at the Company's 2017 Annual Meeting of Stockholders (the "Annual Meeting"), which will be held at the headquarters of Pilgrim Bank, located at 40 South Main Street, Cohasset, Massachusetts at 9:00 a.m., Eastern time, on Tuesday, May 16, 2017, and all adjournments of the Annual Meeting. The accompanying Notice of Annual Meeting of Stockholders and this Proxy Statement are first being mailed to stockholders on or about April 10, 2017.

REVOCATION OF PROXIES

Stockholders who execute proxies in the form solicited hereby retain the right to revoke them in the manner described below. Unless so revoked, the shares represented by such proxies will be voted at the Annual Meeting and all adjournments thereof. Proxies solicited on behalf of the Company's Board of Directors will be voted in accordance with the directions given thereon. **Where no instructions are indicated, validly executed proxies will be voted "FOR" the proposals set forth in this Proxy Statement.**

The Board of Directors knows of no additional matters that will be presented for consideration at the Annual Meeting. Execution of a proxy, however, confers on the designated proxy holder's discretionary authority to vote the shares in accordance with their best judgment on such other business, if any, which may properly come before the Annual Meeting or any adjournments thereof.

Proxies may be revoked by sending written notice of revocation to the Company's Secretary at the Company's address shown above, the submission of a later-dated proxy, or by voting in person at the Annual Meeting. The presence at the Annual Meeting of any stockholder who had returned a proxy shall not revoke such proxy unless the stockholder delivers his or her ballot in person at the Annual Meeting or delivers a written revocation to the Company's Secretary prior to the voting of such proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Holders of record of the Company's common stock, par value \$0.01 per share, as of the close of business on March 31, 2017 (the "Record Date") are entitled to one vote for each share then held. As of the Record Date, the Company had 2,253,439 shares of common stock issued and outstanding. The presence in person or by proxy of a majority of the outstanding shares of common stock entitled to vote is necessary to constitute a quorum at the Annual Meeting.

In accordance with the provisions of the Company's Articles of Incorporation, record holders of common stock who beneficially own in excess of 10% of the outstanding shares of common stock (the "Limit") are not entitled to any vote with respect to the shares held in excess of the Limit. The Company's Articles of Incorporation authorize the Board of Directors (i) to make all determinations necessary to implement and apply the Limit, including determining whether persons or entities are acting in concert, and (ii) to demand that any person who is reasonably believed to beneficially own stock in excess of the Limit supply information to the Company to enable the Board of Directors to implement and apply the Limit.

As to the election of directors, the proxy card being provided by the Board of Directors enables a stockholder to vote FOR the election of the nominees proposed by the Board of Directors, to WITHHOLD AUTHORITY to vote for all the nominees being proposed or to vote FOR ALL EXCEPT one or more of the nominees being proposed. Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which the authority to vote for the nominees being proposed is withheld. Plurality means that individuals who receive the largest number of votes cast are elected, up to the maximum number of directors to be elected at the Meeting.

As to the ratification of the Company's independent registered public accounting firm, the proxy card being provided by the Board of Directors enables a stockholder to: (i) vote FOR the proposal; (ii) vote AGAINST the proposal; or (iii) ABSTAIN from voting on the proposal. The ratification of the Company's independent registered public accounting firm must be approved by the affirmative vote of a majority of the votes cast without regard to broker non-votes or proxies marked ABSTAIN.

In the event at the time of the Annual Meeting there are not sufficient votes for a quorum or to approve or ratify any matter being presented, the Annual Meeting may be adjourned in order to permit the further solicitation of proxies.

Proxies solicited hereby will be returned to us and will be tabulated by an Inspector of Election designated by the Company's Board of Directors.

Participants in the ESOP Plan. If you participate in the Pilgrim Bank Employee Stock Ownership Plan (the "ESOP"), you will receive a vote authorization form that reflects all shares you may direct the trustee to vote on your behalf under the plan. Under the terms of the ESOP, the ESOP trustee votes all shares held by the ESOP, but each ESOP participant may direct the trustee how to vote the shares of common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary responsibilities, will vote all unallocated shares of Pilgrim Bancshares common stock held by the ESOP and all allocated shares for which no voting instructions are received in the same proportion as shares for which it has received timely voting instructions. **The deadline for returning your voting instructions is May 9, 2017.**

Persons and groups who beneficially own in excess of five percent of the Company's common stock are required to file certain reports with the Securities and Exchange Commission (the "SEC") regarding such ownership. The following table sets forth, as of March 31, 2017, the Record Date, the shares of common stock beneficially owned by the Company's named executive officers and directors as a group, and by each person or group known by us to beneficially own in excess of five percent of the Company's common stock.

Name and Address of Beneficial Owners	Amount of Shares Owned and Nature of Beneficial Ownership ^{(1), (2)}	Percent of Shares of Common Stock Outstanding
Five Percent Stockholders		
Pilgrim Bank ESOP Trust, 2321 Kochs Lane, P.O. Box 4005, Quincy, IL 62305	179,801(3)	7.98%
Wellington Management Group LLP, 280 Congress Street, Boston, MA 02210 Wellington Management Group LLP Wellington Trust Company, NA Wellington Trust Company, National Association Multiple Common Trust Funds Trust, Micro Cap Equity Portfolio	187,311(4)	8.31%
Maltese Capital Management LLC, 150 East 52 nd Street, 30 th Floor, New York, New York 10022	153,900(5)	6.83%
Directors and Executive Officers		
Francis E. Campbell, President, Chief Executive Officer and Chairman of the Board	40,850(6)	1.81%
Melissa J. Browne, Director	13,350(7)	*
J. Michael Buckley, Director	5,500(8)	*
Steven T. Golden, Director	23,350(9)	1.04%
Ronald H. Goodwin, Director	13,350(10)	*
Mary E. Granville, Director	23,350(11)	1.04%
William H. Ohrenberger III, Director	1,000(12)	*
Brian W. Noonan, Director	10,750(13)	*
Joseph P. Reilly, Director	14,350(14)	*
Christopher G. McCourt, Executive Vice President, Chief Financial Officer and Treasurer	25,985(15)	1.15%
Joan A. MacIntyre, Senior Vice President and Chief Information Officer	11,000(16)	*
Edward T. Mulvey, Secretary and Clerk	6,000(17)	*
All Directors and Executive Officers as a group (12 persons) 40 South Main Street, Cohasset, Massachusetts 02025	188,835	8.38%

* Less than 1%

- (1) In accordance with Rule 13d-3 under the Securities Exchange Act of 1934, a person is deemed to be the beneficial owner for purposes of this table, of any shares of common stock if he has shared voting or investment power with respect to such security, or has a right to acquire beneficial ownership at any time within 60 days from the date as of which beneficial ownership is being determined. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" is the power to dispose or direct the disposition of shares, and includes all shares held directly as well as by spouses and minor children, in trust and other indirect ownership, over which shares the named individuals effectively exercise sole or shared voting or investment power.
- (2) 17,975 shares held in our employee stock ownership plan have been allocated to participant accounts.
- (3) Based on Schedule 13G filed February 8, 2017 showing ownership as of December 31, 2016.
- (4) Based on Schedule 13G filed February 9, 2017 showing ownership as of December 30, 2016.
- (5) Based on Schedule 13G filed February 6, 2017 showing ownership as of December 31, 2016.
- (6) Includes (i) 1,000 shares of common stock held directly by Mr. Campbell, (ii) 16,750 shares of common stock held in Mr. Campbell's IRA account, (iii) 600 shares of common stock held in the name of Mr. Campbell's wife's IRA account, (iv) 600 shares of common stock in the name of Mr. Campbell's son, (v) 900 shares of common stock for Mr. Campbell as custodian of the shares in the name of Mr. Campbell's grandson, (vi) 1,000 shares of common stock for Mr. Campbell as custodian for a trust, and (vii) 20,000 shares of unvested restricted stock.
- (7) Includes (i) 10,000 shares of common stock held directly by Ms. Browne and (ii) 3,350 shares of unvested restricted stock.

- (8) Includes (i) 2,150 shares of common stock held directly by Mr. Buckley and (ii) 3,350 shares of unvested restricted stock.
- (9) Includes (i) 20,000 shares of common stock held in Dr. Golden's IRA account and (ii) 3,350 shares of unvested restricted stock.
- (10) Includes (i) 10,000 shares of common stock held directly by Mr. Goodwin and (ii) 3,350 shares of unvested restricted stock.
- (11) Includes (i) 20,000 shares of common stock held directly by Ms. Granville and (ii) 3,350 shares of unvested restricted stock.
- (12) Comprised of 1,000 shares of common stock held directly by Mr. Ohrenberger.
- (13) Includes (i) 6,400 shares of common stock held in Mr. Noonan's IRA account, (ii) 500 shares of common stock held in the name of Mr. Noonan's wife, (iii) 500 shares of common stock held in the name of Mr. Noonan's daughter, and (iv) 3,350 shares of unvested restricted stock.
- (14) Includes (i) 10,000 shares of common stock held in Mr. Reilly's IRA account, (ii) 1,000 shares of common stock held directly by Mr. Reilly's wife, and (iii) 3,350 shares of unvested restricted stock.
- (15) Includes (i) 2,400 shares of common stock held directly by Mr. McCourt, (ii) 12,935 shares of common stock held in Mr. McCourt's IRA account, (iii) 650 shares of common stock held in Mr. McCourt's wife's IRA account, and (iv) 10,000 shares of unvested restricted stock.
- (16) Includes (i) 143 shares of common stock held directly by Mrs. MacIntyre, (ii) 857 shares of common stock held in Ms. MacIntyre's IRA account, and (iii) 10,000 shares of unvested restricted stock.
- (17) Comprised of 6,000 shares of common stock held directly by Mr. Mulvey.

PROPOSAL I - ELECTION OF DIRECTORS

The Company's Board of Directors is comprised of nine members. The Company's bylaws provide, and the terms of the Company's Board of Directors are classified so, that approximately one-third of the directors are to be elected annually. The Company's directors are generally elected to serve for a three-year period and until their respective successors shall have been elected and shall qualify. Three directors will be elected at the Annual Meeting. The Company's Nominating Committee has nominated Melissa J. Browne, J. Michael Buckley and Brian W. Noonan, each to serve as directors for three-year terms. Each of the nominees is currently a member of the Board of Directors, and each has agreed to serve, if elected.

It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to one or more nominees) will be voted at the Annual Meeting for the election of the nominees identified below. If the nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such other substitute as the Board of Directors may recommend. At this time, the Board of Directors knows of no reason why the nominees might be unable to serve, if elected. Except as indicated herein, there are no arrangements or understandings between any nominee and any other person pursuant to which such nominee was selected.

The Board of Directors recommends a vote "FOR" each of the nominees listed in this Proxy Statement.

The Business Background of the Company's Directors

The business experience for the past five years of each of the Company's directors and executive officers is set forth below. With respect to directors, the biographies also contain information regarding the person's experience, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board of Directors to determine that the person should serve as a director. Each director is also a director of Pilgrim Bank (the "Bank"). Except for Mr. Ohrenberger, all other directors have held their positions for the past five years.

Nominees

Melissa J. Browne, age 61, is a commercial real estate consultant, offering various consulting services focused primarily on class A office buildings. Director since 2007. She has over 25 years experience and holds a real estate brokerage license, actively marketing and selling residential real estate properties also. Ms. Browne was selected to serve as a Director because of her extensive experience in both commercial and residential real estate within the Company's market area. In addition, Ms Browne has extensive involvement in the community. She volunteers on several town and local civic organization boards of directors. This involvement provides insight to the needs of customers in our community.

J. Michael Buckley, age 53, is currently the Town Accountant for the towns of Hull and Pembroke, Massachusetts, and until 2010 served as the Finance Director of the Town of Cohasset, Massachusetts. Director since 2005. Mr. Buckley was selected to serve as a Director because his extensive experience in municipal finance provides a unique perspective with respect to the preparation and review of our financial statements, the supervision of our independent auditors and the review and oversight of our financial controls and procedures and our accounting practices. In addition, his service to municipalities in our market area provides insight on the business environment and needs of customers in our market area.

Brian W. Noonan, age 71, served as the Chief of Police of the Town of Cohasset from March 1993 until his retirement in March 2002, and on the police force of the Town of Cohasset since August 1974. Director since 1998. Mr. Noonan was selected to serve as a Director because his years of service as a law enforcement officer in our community provides extraordinary insight into the economic and business needs of our community, as well as insight into where we can best serve our community in other ways, including charitable donations.

Directors Continuing in Office

Francis E. Campbell, age 63, is our President and Chief Executive Officer and serves as Chairman of our Board of Directors. He has been employed with Pilgrim Bank since 1999 in a variety of roles, including CFO and Senior Loan Officer. He has served as President and Chief Executive Officer since 2002 and Chairman of the Board since 2007. Mr. Campbell has over 35 years of community banking experience. Mr. Campbell has extensive ties to the community that support our business generation. Mr. Campbell was selected to serve as a Director because his extensive experience in a variety of roles at Pilgrim Bank and other community banking institutions provides a broad and unique perspective on the challenges facing our organization and on our business strategies and operations.

Steven T. Golden, age 65, is a physician, part of Cohasset Family Practice, a family medical practice that has been operating in Cohasset since 1981. This is part of Healthcare South, P.C., a primary care group practice with 10 sites where he holds the position of President and Medical Director. Director since 1997. Dr. Golden was selected to serve as a Director because his experience managing his own business provides insight with respect to general business operations and because his service to the community provides unique perspective on the needs of customers in our market area.

Ronald H. Goodwin, age 65, is the owner of Goodwin Graphics, Inc., a screen-printing and graphics business that he founded in 1976. Director since 1998. Mr. Goodwin was selected to serve as a Director because his experience of founding and managing his own business provides insight with respect to general business operations as well as experience reviewing financial statements.

Mary E. Granville, age 64, is President of The Appraisers Collaborative. Established in 1980, the firm provides valuation and appraisal services to a wide variety of clients with respect to residential, commercial and industrial properties. Ms. Granville also served several years as an assessor for the Town of Cohasset. Director since 2007. Ms. Granville was selected to serve as a Director because of extensive experience in the appraisal and valuation industries which provides a unique perspective with regard to the underwriting risks associated with our lending practices and valuable insight into trends in real estate in our market area.

William H. Ohrenberger III, age 59, is the Managing Partner of Ohrenberger, DeLisi & Harris, LLP. Established in 2015, the firm focuses on commercial and residential real estate development, as well as estate planning. Prior to that, he was the owner of the law firm Ohrenberger Associates. Director since 2016. Mr. Ohrenberger was selected to serve as a Director due to his extensive experience counseling developers, lending institutions, businesses and individuals on real estate development and land use, zoning, and real estate transactions in our market area. In addition, his involvement in the community provides an insight into commercial business development in the Company's market area.

Joseph P. Reilly, age 65, has been the owner and principal of Joseph P. Reilly Inc., a consulting firm providing tax, accounting and other services to small businesses, for 20 years. Director since 2004. Mr. Reilly was selected to serve as a Director because his experience managing his own business and his experience providing tax and accounting services provides insight with respect to general business operations as well as experience reviewing financial statements.

Executive Officers Who Are Not Directors

Christopher G. McCourt, age 56, is our Executive Vice President, Chief Financial Officer and Treasurer. Mr. McCourt assumed the title of EVP in 2017 but has served as Senior Vice President & CFO since 2011 when he was hired. Mr. McCourt has extensive experience in bank finance with more than 30 years in the banking industry. He is currently responsible for the finance, retail, ALCO, operations and residential lending areas within the Company.

Joan A. MacIntyre, age 60, is our Senior Vice President & Chief Information Officer. She has been employed in various positions at the Bank since 2008. She has nearly 40 years of banking experience and is presently responsible for the Company's IT, BSA, compliance and operations areas.

Meetings and Committees of the Board of Directors

We conduct business through meetings of our Board of Directors and its committees. During 2016, the Board of Directors of Pilgrim Bank and Pilgrim Bancshares, Inc. met 14 times. No member of the Board or any committee thereof attended fewer than 75% of the aggregate of: (i) the total number of meetings of the Board of Directors (held during the period for which he or she has been a director); and (ii) the total number of meetings held by all committees of the board on which he or she served (during the periods that he or she served).

The Board of Directors of Pilgrim Bancshares has established standing committees, including a Compensation Committee, a Nominating and Corporate Governance Committee and an Audit Committee. Each of these committees operates under a written charter, which governs its composition, responsibilities and operations. These charters may be found on our website located at www.bankpilgrim.com.

Board Independence

The Board of Directors has determined that each of the Company's directors, with the exception of director Francis E. Campbell, is "independent" as defined in the listing standards of the Nasdaq Stock Market which the Company chooses to follow for purposes of such determination. Mr. Campbell is not independent because he is an executive officer of the Company.

Board Structure and Risk Oversight

Our Board of Directors is chaired by Francis E. Campbell, who is also our President and Chief Executive Officer. We believe our governance structure is appropriate given the size, limited market area and relatively non-complex operating philosophy of our organization. In addition, we have never engaged in a transaction with any affiliate of Mr. Campbell. As President and Chief Executive Officer of the Company and Pilgrim Bank, and having been employed by Pilgrim Bank in various roles for over 15 years, Mr. Campbell is well positioned to understand the challenges faced by our organization. As a result, he can set our strategic direction, provide day-to-day leadership, and also set the agenda of the Board of Directors. We understand the risk that an inside Chairman could theoretically manage the Board of Directors' agenda to limit the consideration of important issues relating to management.

To minimize the risk involved with having a joint Chairman and Chief Executive Officer, the independent directors meet in executive sessions periodically to discuss certain matters such as the chief executive officer's performance and his annual compensation as well as our independent audit and internal controls. In addition, we have appointed Steven T. Golden, who has served as a director of Pilgrim Bank since 1997, as Vice Chairman of the Company. The Vice Chairman provides a source of leadership that is complimentary to that provided by the Chairman, but is independent of management. The Vice Chairman is responsible for providing input with respect to the preparation of agendas for meetings of the Board of Directors and committees, working with the Chairman and the corporate secretary to ensure that the Board of Directors has adequate resources and information to support its activities, serving as chair of Board of Directors meetings in the Chairman's absence, educating the Board of Directors as to its responsibilities, chairing meetings of the independent directors and serving as a liaison between the Board of Directors and management and among individual directors. We intend to rotate the position of Vice Chairman, as applicable and when appropriate to do so.

The Board of Directors is actively involved in oversight of risks that could affect the Company. This oversight is conducted in part through committees of the Board of Directors, but the full Board of Directors has retained responsibility for general oversight of risks. The Board of Directors satisfies this responsibility through full reports by each committee regarding its considerations and actions, regular reports directly from officers responsible for oversight of particular risks within the Company as well as through internal and external audits. Risks relating to the direct operations of Pilgrim Bank are further overseen by the Board of Directors of Pilgrim Bank, who are the same individuals who serve on the Board of Directors of the Company. The Board of Directors of Pilgrim Bank also has additional committees that conduct risk oversight separate from the Company. Further, the Board of Directors oversees risks through the establishment of policies and procedures that are designed to guide daily operations in a manner consistent with applicable laws, regulations and risks acceptable to the organization.

The Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee consists of directors Steven T. Golden, who serves as Chairman, Ronald H. Goodwin and Brian W. Noonan, each of whom is considered “independent” as defined in the Nasdaq corporate governance listing standards. The functions of the Nominating and Corporate Governance Committee include the following:

- to lead the search for individuals qualified to become members of the Board and to select director nominees to be presented for stockholder approval;
- to review and monitor compliance with the requirements for board independence;
- to review the committee structure and make recommendations to the Board regarding committee membership; and
- to develop and recommend corporate governance guidelines to the Board of Directors for its approval.

The Nominating and Corporate Governance Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company’s business and who are willing to continue in service are first considered for re-nomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board does not wish to continue in service, or if the Committee or the Board decides not to re-nominate a member for re-election, or if the size of the Board is increased, the Committee would solicit suggestions for director candidates from all Board members. In addition, the Committee is authorized by its charter to engage a third party to assist in the identification of director nominees. The Nominating and Corporate Governance Committee would seek to identify a candidate who at a minimum satisfies the following criteria:

- has personal and professional ethics and integrity;
- has had experiences and achievements that have given him or her the ability to exercise and develop good business judgment;
- is willing to devote the necessary time to the work of the Board and its committees, which includes being available for Board and committee meetings;
- is familiar with the communities in which the Company operates and/or is actively engaged in community activities;
- is involved in other activities or interests that do not create a conflict with his or her responsibilities to us and the Company’s stockholders; and
- has the capacity and desire to represent the balanced, best interests of the Company’s stockholders as a group, and not primarily a special interest group or constituency.

In addition, the Nominating and Corporate Governance Committee will also take into account whether a candidate satisfies the criteria for “independence” under the Nasdaq corporate governance listing standards and, if a nominee is sought for service on the Audit Committee, whether the candidate would satisfy the SEC’s independence standards applicable to members of the Company’s audit committee, the financial and accounting expertise of a candidate, including whether an individual qualifies as an audit committee financial expert.

The Company does not maintain a specific diversity policy, but diversity is considered in the Company’s review of candidates. Diversity includes not only gender and ethnicity, but the various perspectives that come from having differing viewpoints, geographic and cultural backgrounds, and life experiences.

Procedures for the Recommendation of Director Nominees by Stockholders

The Board of Directors has adopted a procedure by which stockholders may recommend nominees to the Nominating and Corporate Governance Committee. Stockholders who wish to recommend a nominee must write to the Company’s Secretary and such communication must include:

- A statement that the writer is a stockholder and is proposing a candidate for consideration by the Nominating and Corporate Governance Committee;
- The name and address of the stockholder as they appear on the Company’s books, and of the beneficial owner, if any, on whose behalf the nomination is made;
- The class or series and number of shares of the Company’s capital stock that are owned beneficially or of record by such stockholder and such beneficial owner;
- A description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder;
- A representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the nominee named in the stockholder’s notice;
- The name, age, personal and business address of the candidate, the principal occupation or employment of the candidate;
- The candidate’s written consent to serve as a director;
- All information relating to such person that would indicate such person’s qualification to serve on the Board of Directors of the Company;
- An affidavit that the candidate would not be disqualified under the provisions of Article II, Section 12 of the Company’s Bylaws;
- Such other information regarding the candidate or the stockholder as would be required to be included in the Company’s proxy statement pursuant to SEC Regulation 14A.

To be timely, a stockholder's notice must be delivered or mailed to and received by the Secretary at the principal executive office of the Company not less than 110 days nor more than 120 days prior to the anniversary of the prior year's annual meeting of stockholders; provided, that if (A) less than 90 days' prior public disclosure of the date of the meeting is given to stockholders and (B) the date of the annual meeting is advanced more than 30 days prior to or delayed more than 30 days after the anniversary of the preceding year's annual meeting, such written notice also shall be timely if delivered or mailed to and received by the Secretary of the Company at the principal executive office of the Company not later than the tenth day following the day on which public disclosure of the date of such meeting is first made. The advance notice periods provided in this paragraph, once established by the initial notice or public disclosure of a date for the annual meeting of stockholders, shall remain in effect regardless of whether a subsequent notice or public disclosure shall provide that the meeting shall have been adjourned or that the date of the meeting shall have been postponed or otherwise changed from the date provided in the initial notice or public disclosure. The committee did not receive any stockholder-recommended nominees for inclusion in this Proxy Statement.

Stockholder Communications with the Board

Any of the Company's stockholders who want to communicate with the Board of Directors or with any individual director can write to the Company's Corporate Secretary, at 40 South Main Street, Cohasset, Massachusetts 02025. The letter should indicate that the author is a stockholder and if shares are not held of record, should include appropriate evidence of stock ownership. Depending on the subject matter, management will:

- forward the communication to the director or directors to whom it is addressed;
- attempt to handle the inquiry directly, for example, where it is a request for information about us or it is a stock-related matter; or
- not forward the communication if it is primarily commercial in nature, relates to an improper or irrelevant topic, or is unduly hostile, threatening, illegal or otherwise inappropriate.

At each Board meeting, management shall present a summary of all communications received since the last meeting that were not previously forwarded and make those communications available to the directors.

Code of Ethics

The Company has adopted a Code of Ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The Code of Ethics is posted on the Company's website at www.bankpilgrim.com. A copy of the Code will be furnished without charge upon written request to the Corporate Secretary of the Company, 40 South Main Street, Cohasset, Massachusetts, 02025.

Attendance at Annual Meetings of Stockholders

The Company does not have a policy regarding director attendance at annual meetings of stockholders, although directors are encouraged to attend these meetings. It is expected that all of our directors will attend the 2017 Annual Meeting. At our 2016 Annual Meeting, all eight of our directors at the time attended the meeting.

Compensation Committee

The members of the Compensation Committee are directors Joseph P. Reilly, who serves as chairman, Melissa J. Brown and J. Michael Buckley, each of whom is considered “independent” as defined in the Nasdaq corporate governance listings standards.

The Compensation Committee approves the compensation objectives for the Company and Pilgrim Bank and establishes the compensation for the Chief Executive Officer and named other executives. The Compensation Committee reviews all compensation components for the Company’s Chief Executive Officer and other highly compensated executive officers’ compensation including base salary, annual incentive, long-term incentives and other perquisites. In addition to reviewing competitive market values, the committee also examines the total compensation mix, pay-for-performance relationship, and how all elements, in the aggregate, comprise the executive’s total compensation package. Decisions by the Compensation Committee with respect to the compensation of executive officers are approved by the full Board of Directors.

Audit Committee

The Company’s Audit Committee consists of directors Joseph P. Reilly, who serves as Chairman, J. Michael Buckley, and Ronald H. Goodwin, each of whom is “independent” under the Nasdaq corporate governance listing standards and SEC Rule 10A-3. The Board has determined that Mr. Buckley qualifies as an “audit committee financial expert” as that term is used in the rules and regulations of the SEC.

The Audit Committee reviews the contents of and conclusions in audit reports prepared by the Company’s independent registered public accounting firm, reviews and approves the annual engagement of the Company’s independent registered public accounting firm, the Company’s audit and compliance related policies, and reviews with management and the Company’s independent registered public accounting firm, the Company’s financial statements and internal controls.

Audit Committee Report

As part of its ongoing activities, the Audit Committee has:

- Reviewed and discussed with management our audited consolidated financial statements for the year ended December 31, 2016;
- Discussed with the independent auditors the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 1301, *Communications with Audit Committees*; and
- Received the written disclosures and the letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor’s communications with the Audit Committee concerning independence, and discussed with the independent auditor the independent auditor’s independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company’s audited consolidated financial statements be included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

This report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such acts.

The Audit Committee:
Joseph P. Reilly (Chairman)
J. Michael Buckley
Ronald H. Goodwin

Section 16(a) Beneficial Ownership Reporting Compliance

Our executive officers and directors and beneficial owners of greater than 10% of the outstanding shares of common stock are required to file reports with the Securities and Exchange Commission disclosing beneficial ownership and changes in beneficial ownership of our common stock. Securities and Exchange Commission rules require disclosure if an executive officer, director or 10% beneficial owner fails to file these reports on a timely basis. Based on our review of ownership reports required to be filed for the year ended December 31, 2016, no executive officer, director or 10% beneficial owner of our shares of common stock failed to file ownership reports on a timely basis.

Executive Officer Compensation

Summary Compensation Table. The table below summarizes the total compensation paid to, or earned by, Mr. Campbell, who serves as our Chairman, President and Chief Executive Officer, Mr. McCourt, who serves as our Executive Vice President, Chief Financial Officer and Treasurer, and Ms. MacIntyre, who serves as our Senior Vice President and Chief Information Officer, for the years ended December 31, 2016 and 2015. We refer to these individuals as “Named Executive Officers.”

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus ⁽¹⁾ (\$)</u>	<u>Stock Awards ⁽²⁾ (\$)</u>	<u>Option Awards ⁽²⁾ (\$)</u>	<u>All Other Compensation ⁽³⁾ (\$)</u>	<u>Total (\$)</u>
Francis E. Campbell <i>Chairman, President and Chief Executive Officer</i>	2016	263,400	50,000	257,000	114,120	82,463	766,983
	2015	255,000	42,000	-	-	79,523	376,523
Christopher G. McCourt <i>Executive Vice President, Chief Financial Officer and Treasurer</i>	2016	153,400	14,200	128,500	57,060	15,814	368,974
	2015	145,600	20,000	-	-	13,892	179,492
Joan A. MacIntyre <i>Senior Vice President and Chief Information Officer</i>	2016	130,300	16,300	128,500	57,060	13,388	345,548
	2015	123,200	17,000	-	-	11,703	151,903

(1) Represents bonuses awarded under the Executive Annual Incentive Plan (AIP).

(2) The value is the amount recognized for financial statement reporting purposes in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718. The assumptions used in the valuation of these awards are included in Notes 2 and 10 to our audited financial Statements for the year ended December 31, 2016 as included in our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission.

(3) Consists of the following payments:

Officer	Year	401 (k) Plan (\$)	Employee Stock Ownership Plan (\$)	Supplemental Executive Retirement Plan (\$)	Club Membership Dues (\$)	Car Allowance (\$)	Total (\$)
Francis E. Campbell	2016	13,250	10,729	48,414	3,570	6,500	82,463
	2015	13,250	9,916	45,744	3,416	7,197	79,523
Christopher G. McCourt	2016	8,663	7,151	-	-	-	15,814
	2015	7,877	6,015	-	-	-	13,892
Joan A. MacIntyre	2016	7,358	6,030	-	-	-	13,388
	2015	6,658	5,045	-	-	-	11,703

Employment and Change in Control Agreements

Employment Agreement with Francis E. Campbell. On October 10, 2014, Pilgrim Bank entered into an employment agreement with Mr. Campbell. The employment agreement has an initial term of three years. At least 60 days prior to the anniversary date of the agreement, the disinterested members of the Board of Directors must conduct a comprehensive performance evaluation and affirmatively approve any extension of the agreement for an additional year or determine not to extend the term of the agreement. If the Board of Directors determines not to extend the term, Mr. Campbell must be notified, in writing, of the non-renewal at least 30 days, but not more than 60 days, prior to such date.

The employment agreement provides Mr. Campbell with a base salary, which is currently \$271,300. The base salary may be increased, but not decreased (other than a decrease which is applicable to all senior officers). In addition to base salary, Mr. Campbell is entitled to participate in any bonus programs and benefit plans that are made available to management employees, and will be reimbursed for all reasonable business expenses incurred. Mr. Campbell is eligible to receive a car allowance of \$750 per month, a health club membership of \$60 per month and a golf club membership, the cost of which shall not exceed \$4,200 per year.

In the event of Mr. Campbell's involuntary termination of employment for reasons other than cause, disability or death, or in the event of his resignation for "good reason," he will receive a severance payment equal two times his highest annual rate of base salary payable during the calendar year of his date of termination or any of the three calendar years immediately preceding his date of termination. Such payment will be payable in a lump sum within 30 days following Mr. Campbell's date of termination. In addition, Mr. Campbell will be entitled receive from Pilgrim Bank continued life insurance and non-taxable medical and dental insurance coverage under the same cost-sharing arrangements that apply for active employees of Pilgrim Bank. Such coverage will cease upon the earlier of: (i) the date which is two years after Mr. Campbell's date of termination or (ii) the date on which Mr. Campbell receives substantially similar benefits from another employer. For purposes of the employment agreement, "good reason" is defined as: (i) a material reduction in base salary or benefits (other than reduction by Pilgrim Bank that is part of a good faith, overall reduction of such benefits applicable to all employees); (ii) a material reduction in Mr. Campbell's duties or responsibilities; (iii) a relocation of Mr. Campbell's principal place of employment by more than 25 miles from Pilgrim Bank's main office location; or (iv) a material breach of the employment agreement by Pilgrim Bank.

If Mr. Campbell's involuntary termination of employment other than for cause, disability or death or voluntary resignation for "good reason" occurs on or after the effective date of a change in control of Pilgrim Bancshares, Inc. or Pilgrim Bank, he would be entitled to (in lieu of the payments and benefits described in the previous paragraph) a severance payment equal to three times his highest annual rate of base salary payable during the calendar year of his date of termination or either of the three calendar years immediately preceding his date of termination. Such payment will be payable in a lump sum within 30 days following Mr. Campbell's date of termination. In addition, Mr. Campbell would be entitled, at no expense, to the continuation of substantially comparable life insurance and non-taxable medical and dental insurance coverage until the earlier of: (i) the date which is three years after his date of termination or (ii) the date on which he receives substantially similar benefits from another employer.

In addition, should Mr. Campbell become disabled, he will be entitled to disability benefits, if any, provided under a long-term disability plan sponsored by Pilgrim Bank. In the event of Mr. Campbell's death while employed, his beneficiaries will be paid his base salary for one year following death, and his family will continue to receive non-taxable medical and dental coverage for one year thereafter.

Upon any termination of employment that would entitle Mr. Campbell to a severance payment (other than a termination in connection with a change in control), Mr. Campbell will be required to adhere to one-year non-competition and non-solicitation covenants.

Change in Control Agreements with Christopher G. McCourt and Joan A. MacIntyre . On October 10, 2014, Pilgrim Bank entered into change in control agreements with Mr. McCourt and Ms. MacIntyre. The agreements have an initial term of two years. At least 60 days prior to the anniversary date of the agreements, the disinterested members of the Board of Directors must conduct a comprehensive performance evaluation and affirmatively approve any extension of the agreements for an additional year or determine not to extend the term of the agreement. If the Board of Directors determines not to extend the term, the executive must be notified, in writing, of the non-renewal at least 30 days, but not more than 60 days, prior to such date.

In the event of the executive's involuntary termination of employment other than for cause, disability or death, or voluntary resignation for "good reason" on or after the effective date of a change in control of Pilgrim Bancshares, Inc. or Pilgrim Bank, the executive would be entitled to a severance payment equal to two times his or her highest annual rate of base salary payable during the calendar year of the executive's date of termination or either of the two calendar years immediately preceding his or her date of termination. Such payment will be payable in a lump sum within 30 days following the executive's date of termination. In addition, the executive would be entitled to the continuation of substantially comparable life insurance and non-taxable medical and dental insurance coverage until the earlier of: (i) the date which is two years after his or her date of termination or (ii) the date on which the executive receives substantially similar benefits from another employer.

Notwithstanding the foregoing, the payments required under the agreements will be reduced to the extent necessary to avoid penalties under Section 280G of the Internal Revenue Code. For purposes of the change in control agreements, "good reason" is defined as: (i) a material reduction in the executive's base salary or benefits (other than reduction by Pilgrim Bank that is part of a good faith, overall reduction of such benefits applicable to all employees); (ii) a material reduction in the executive's duties or responsibilities; (iii) a relocation of the executive's principal place of employment by more than 25 miles from Pilgrim Bank's main office location; or (iv) a material breach of the agreements by Pilgrim Bank.

Stock Based Compensation

Set forth below is certain information regarding outstanding equity awards granted to the Named Executive Officers as of December 31, 2016:

Outstanding Equity Awards at Fiscal Year-End

Name	Option awards				Stock awards	
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable (1)	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)(1)	Market value of shares or units of stock that have not vested (2) (\$)
Francis E. Campbell	—	36,000	12.85	6/1/2026	20,000	300,000
Christopher G. McCourt	—	18,000	12.85	6/1/2026	10,000	150,000
Joan A. MacIntyre	—	18,000	12.85	6/1/2026	10,000	150,000

- (1) Stock awards and option awards listed above represent grants under our 2015 Equity Incentive Plan. Mr. Campbell's restricted stock and stock option awards vest at a rate of 20% per year beginning on June 1, 2017, with the remaining 40% vesting on June 1, 2020. For Mr. McCourt and Ms. MacIntyre, their restricted stock and stock option awards vest at a rate of 20% per year beginning on June 1, 2017.
- (2) The amounts in this column are based on the fair market value of our common stock on December 31, 2016 of \$15.00 per share.

2015 Equity Incentive Plan . On November 24, 2015, our stockholders approved the 2015 Equity Incentive Plan to provide employees and directors of the Company and Pilgrim Bank with additional incentives to promote the growth and performance of the Company and to further align the interests of our directors and management with the interests of our stockholders by increasing the ownership interests of directors and management in the common stock of the Company. The 2015 Equity Incentive Plan is administered by the Compensation Committee. The 2015 Equity Incentive Plan authorizes the issuance of up to 314,661 shares of common stock, of which up to 224,758 shares of common stock may be delivered pursuant to the exercise of stock options and up to 89,903 shares of common stock may be issued pursuant to grants of restricted stock awards and/or restricted stock units. These amounts represent 10% and 4%, respectively, of the shares of common stock that were issued in the Company's public offering on October 10, 2014 in connection with the mutual to stock conversion of Conahasset Bancshares, MHC, the former mutual holding company of Pilgrim Bank.

Awards may be granted in a combination of incentive and non-qualified stock options or restricted stock or restricted stock units. Incentive stock options have certain tax advantages and must comply with the requirements of Section 422 of the Internal Revenue Code. Only employees are eligible to receive incentive stock options.

The Compensation Committee determines the type and terms and conditions of the awards under the 2015 Equity Incentive Plan, and these determinations are set forth in an award agreement delivered to each recipient. Employees and directors of the Company and Pilgrim Bank are eligible to receive awards under the plan. However, no individual employee may receive more than 56,189 stock option awards and 22,475 restricted stock or unit awards under the plan (which represents 25% of the available stock options and 25% of the available restricted stock/restricted stock unit awards). No individual director may receive more than 11,237 stock option awards and 4,495 restricted stock or unit awards under the plan (which represents 5% of the available stock options and 5% of the available restricted stock/restricted stock unit awards). The directors, in the aggregate, may not receive more than 67,427 stock option awards and 26,970 restricted stock or unit awards under the plan (which represents 30% of the available stock options and 30% of the available restricted stock/restricted stock unit awards).

On June 1, 2016, the Compensation Committee granted stock option and restricted stock awards to the Named Executive Officers as follows:

Named Executive Officer	# of Stock Options	# of Restricted Stock Awards
Francis E. Campbell	36,000	20,000
Christopher G. McCourt	18,000	10,000
Joan A. MacIntyre	18,000	10,000

For Mr. Campbell, his awards vest over a four-year period following the date of grant, with 20% vesting per year during the first three years and the remaining 40% vesting following the completion of the fourth year. For Mr. McCourt and Ms. MacIntyre, their awards vest in equal 20% installments over a five-year period following the date of grant. Notwithstanding the foregoing, these awards would vest upon death, disability or involuntary termination of employment following a change in control. The time-based component of the awards serve as a retention tool for the Named Executive Officers, and the stock options were viewed by the Compensation Committee as performance-based because value is only realized if there is stock price appreciation over the term of the options.

The Compensation Committee engaged Arthur Warren Associates, an independent compensation consultant, in 2016 to assess the committee's recommendations for granting stock options and restricted stock awards to the Named Executive Officers, including the underlying terms and conditions of the awards. The Compensation Committee considered each Named Executive Officer's role and position in determining the amount of stock options and restricted stock awards the executive would receive to more closely align the executive's compensation with his or her impact in creating value for our stockholders. The committee also considered the Named Executive Officer's past contributions, his or her individual role in completing our mutual-to-stock conversion in 2014 and the role the executive would play in the Company's future. The Named Executive Officer's sustained individual performance, leadership, operational effectiveness, tenure in office, and experience in the industry and employment market conditions in our geographic market were additional factors the committee considered. The Compensation Committee also reviewed survey data regarding awards made to executive officers of other companies that had undertaken a mutual-to-stock conversion and related stock offering. Arthur Warren Associates concluded that the Compensation Committee's recommendations for the awards, including their terms and conditions, were fair and reasonable and intended to align the economic interest of the Named Executive Officers with that of other stockholders, consistent with prevailing executive compensation practices in the competitive marketplace for similarly-situated financial institutions.

Director Compensation

Set forth below is a summary of the compensation for each of our non-employee directors for the year ended December 31, 2016.

Name	Director Compensation			All Other Compensation ⁽³⁾ (\$)	Total (\$)
	Fees Earned or Paid in Cash ⁽¹⁾ (\$)	Stock Awards ⁽²⁾ (\$)	Option Awards ⁽²⁾ (\$)		
Melissa J. Browne	29,300	43,048	23,775	-	96,123
J. Michael Buckley	26,700	43,048	23,775	-	93,523
Steven T. Golden	21,000	43,048	23,775	-	87,823
Ronald H. Goodwin	24,750	43,048	23,775	-	91,573
Mary E. Granville	27,350	43,048	23,775	-	94,173
William H. Ohrenberger III	7,442	-	-	-	7,442
Brian W. Noonan	28,650	43,048	23,775	-	95,473
Joseph P. Reilly	26,700	43,048	23,775	-	93,523

(1) Includes fees paid to directors who serve on committees of Pilgrim Bank.

(2) Reflects the aggregate grant date fair value of 3,350 shares of restricted stock and 7,500 stock option awards granted to each director on June 1, 2016, except William H. Ohrenberger III. The value is the amount recognized for financial statement reporting purposes in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are included in Notes 2 and 10 to our audited financial statements for the year ended December 31, 2016 as included in our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission.

(3) No director received any perquisites or benefits.

Director Fees

Directors of the Company received fees per board and committee meetings attended for the year ended December 31, 2016. Each director was paid \$800 for each board meeting attended. Each member of a committee of the Board of Directors received \$650 for each committee meeting attended. No fees were paid to a director who is also an employee of the Bank. In addition, Pilgrim Bancshares, Inc. paid each director an additional annual retainer of \$2,500, except that the Vice Chairman received an annual retainer of \$7,200.

Transactions With Certain Related Persons

Loans and Extensions of Credit. The Sarbanes-Oxley Act of 2002 generally prohibits publicly traded companies from making loans to their executive officers and directors, but it contains a specific exemption from such prohibition for loans made by federally insured financial institutions, such as Pilgrim Bank, to their executive officers and directors in compliance with federal banking regulations. Federal regulations generally require that all loans or extensions of credit to executive officers, directors, immediate family members of executive officers and directors, or organizations with which executive officers and directors are affiliated, be made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans to persons not related to Pilgrim Bank, and not involve more than the normal risk of collectability or present other unfavorable features. At December 31, 2016, all of our loans to directors and executive officers were in compliance with such federal regulations. In addition, loans made to a director or executive officer must be approved in advance by a majority of the disinterested members of the Board of Directors. The aggregate amount of our loans to our executive officers and directors and their related entities was \$281,000 at December 31, 2016. As of December 31, 2016, these loans were performing according to their original terms.

Other Transactions. Since the beginning of our last fiscal year, there have been no transactions and there are no currently proposed transactions in which we were or are to be a participant and the amount involved exceeds \$120,000, and in which any of our executive officers and directors had or will have a direct or indirect material interest.

PROPOSAL II – RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ratification of Auditors

The Audit Committee of the Company’s Board of Directors has approved the engagement of Baker Newman & Noyes, P.A., LLC (“BNN”) to serve as the Company’s independent registered public accounting firm for the year ending December 31, 2017. Auditors are not deemed independent unless the Audit Committee has approved the engagement, or alternatively, the engagement is entered into pursuant to detailed pre-approval policies and procedures established by the Audit Committee which sets forth each specific service to be performed by the auditor.

At the Annual Meeting, stockholders will consider and vote on the ratification of the engagement of BNN for the year ending December 31, 2017. A representative of BNN is expected to attend the Annual Meeting to respond to appropriate questions and to make a statement if he or she so desires.

Audit Fees . The aggregate fees billed for professional services rendered by BNN for the audit of the Company’s annual financial statements for 2016 and 2015 were \$99,400 and \$89,830, respectively.

Tax Fees . The aggregate fees billed for professional services by BNN for tax services were \$ 8,000 and \$7,700 for 2016 and 2015, respectively.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Auditor

The Audit Committee’s policy is to pre-approve all audit and non-audit services provided by independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to particular service or category of services and is generally subject to a specific budget. The independent auditors and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee pre-approved 100% of the audit fees and tax fees described above during 2016 and 2015.

The Audit Committee has considered whether the provision of non-audit services by BNN, relating primarily to tax services, is compatible with maintaining the independence of BNN. The Audit Committee concluded that performing such services would not affect the independence of BNN in performing its function as auditor of the Company.

In order to ratify the selection of BNN as the independent registered public accounting firm for 2017, the proposal must receive a majority of the votes cast, either in person or by proxy, in favor of such ratification.

The Board of Directors recommends a vote “FOR” the ratification of Baker Newman & Noyes, P.A., LLC as independent registered public accounting firm for 2017.

STOCKHOLDER PROPOSALS

In order to be eligible for inclusion in the Company’s proxy materials for the Company’s 2018 Annual Meeting of Stockholders, any stockholder proposal to take action at such meeting must be received at the Company’s executive office, 40 South Main Street, Cohasset, Massachusetts, no later than December 11, 2017. Any such proposal will be subject to the requirements of the proxy rules adopted under the Securities Exchange Act of 1934, as amended, and as with any stockholder proposal (regardless of whether included in the Company’s proxy materials), the Company’s articles of incorporation and Bylaws and Maryland corporation law.

ADVANCE NOTICE OF BUSINESS TO BE CONDUCTED AT ANNUAL MEETING

The Company’s Bylaws generally provides that any stockholder desiring to make a proposal for new business at an annual meeting of stockholders or to nominate one or more candidates for election as directors must submit written notice filed with the Secretary of the Company not less than 110 days nor more than 120 days prior to the anniversary of the prior year’s annual meeting of stockholders; *provided*, that if (A) less than 90 days’ prior public disclosure of the date of the meeting is given to stockholders and (B) the date of the annual meeting is advanced more than 30 days prior to or delayed more than 30 days after the anniversary of the preceding year’s annual meeting, such written notice also shall be timely if delivered or mailed to and received by the Secretary of the Company at the principal executive office of the Company not later than the tenth day following the day on which public disclosure of the date of such meeting is first made. The notice must include the stockholder’s name, record address, and number of shares owned, describe briefly the proposed business, the reasons for bringing the business before the annual meeting, and any material interest of the stockholder in the proposed business. In the case of nominations to the Board of Directors, certain information regarding the nominee must be provided. Nothing in this paragraph shall be deemed to require the Company to include in the proxy statement and proxy relating to an annual meeting any stockholder proposal that does not meet all of the requirements for inclusion established by the SEC in effect at the time such proposal is received.

The 2018 annual meeting of stockholders is expected to be held on May 15, 2018. Accordingly, for the 2018 annual meeting of stockholders, the notice would have to be received between January 16, 2018 and January 26, 2018.

OTHER MATTERS

The Board of Directors is not aware of any business to come before the Annual Meeting other than the matters described above in this Proxy Statement. However, if any matters should properly come before the Annual Meeting, it is intended that holders of the proxies will act as directed by a majority of the Board of Directors, except for matters related to the conduct of the Annual Meeting, as to which they shall act in accordance with their best judgment.

MISCELLANEOUS

The Company will bear the cost of solicitation of proxies and the Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, the Company's directors, officers and regular employees may solicit proxies personally, by telephone or by other forms of communication without additional compensation.

The Company's proxy statement, Annual Report to Stockholders and proxy card are available on <http://www.envisionreports.com/PLRM> .

THE COMPANY'S 2016 ANNUAL REPORT TO STOCKHOLDERS IS BEING FURNISHED TO STOCKHOLDERS. COPIES OF ALL OF THE COMPANY'S FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION ARE AVAILABLE WITHOUT CHARGE BY WRITING TO THE COMPANY AT 40 SOUTH MAIN STREET, COHASSET, MASSACHUSETTS 02025, ATTENTION: CORPORATE SECRETARY.

BY ORDER OF THE BOARD OF DIRECTORS



Edward T. Mulvey
Corporate Secretary

Cohasset, Massachusetts
April 10, 2017

REVOCABLE PROXY

**PILGRIM BANCSHARES, INC.
ANNUAL MEETING OF STOCKHOLDERS
May 16, 2017**

The undersigned hereby appoints the official proxy committee consisting of the Board of Directors of Pilgrim Bancshares, Inc. (the "Company") with full powers of substitution to act as attorneys and proxies for the undersigned to vote all shares of Common Stock of the Company which the undersigned is entitled to vote at the Annual Meeting of Stockholders (the "Annual Meeting") to be held at the headquarters of Pilgrim Bank, located at 40 South Main Street, Cohasset, Massachusetts at 9:00 a.m., Eastern time, on Tuesday, May 16, 2017. The official proxy committee is authorized to cast all votes to which the undersigned is entitled as follows:

- | | <u>FOR</u> | <u>WITHHELD</u> | <u>FOR ALL
EXCEPT</u> |
|--|--------------------------|--------------------------|---------------------------|
| 1. The election as directors of the nominees listed below each to serve for a three-year term. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Melissa J. Browne | | | |
| J. Michael Buckley | | | |
| Brian W. Noonan | | | |

INSTRUCTION: To withhold your vote for one or more nominees, mark "For all Except" and write the name(s) of the nominee(s) on the line(s) below.

- | | <u>FOR</u> | <u>AGAINST</u> | <u>ABSTAIN</u> |
|--|--------------------------|--------------------------|--------------------------|
| 2. The ratification of the appointment of Baker Newman & Noyes, P. A., LLC as the Company's independent registered public accounting firm for the year ending December 31, 2017. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Board of Directors recommends a vote "FOR" each of the listed proposals.

THIS PROXY WILL BE VOTED AS DIRECTED, BUT IF NO INSTRUCTIONS ARE SPECIFIED, THIS PROXY WILL BE VOTED FOR EACH OF THE PROPOSITIONS STATED ABOVE. IF ANY OTHER BUSINESS IS PROPERLY PRESENTED AT SUCH ANNUAL MEETING, THIS PROXY WILL BE VOTED BY THE MAJORITY OF THE BOARD OF DIRECTORS. AT THE PRESENT TIME, THE BOARD OF DIRECTORS KNOWS OF NO OTHER BUSINESS TO BE PRESENTED AT THE ANNUAL MEETING.

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

Should the undersigned be present and elect to vote at the Annual Meeting or at any adjournment thereof and after notification to the Secretary of the Company at the Annual Meeting of the shareholder's decision to terminate this proxy, then the power of said attorneys and proxies shall be deemed terminated and of no further force and effect. This proxy may also be revoked by sending written notice to the Secretary of the Company at the address set forth on the Notice of Annual Meeting of Stockholders, or by the filing of a later proxy prior to a vote being taken on a particular proposal at the Annual Meeting.

The undersigned acknowledges receipt from the Company prior to the execution of this proxy of a Notice of Annual Meeting of Stockholders and proxy statement, both dated April 10, 2017 and audited financial statements.

Dated: _____

Check Box if You Plan
to Attend Annual Meeting

PRINT NAME OF SHAREHOLDER

PRINT NAME OF SHAREHOLDER

SIGNATURE OF SHAREHOLDER

SIGNATURE OF SHAREHOLDER

Please sign exactly as your name appears on this card. When signing as attorney, executor, administrator, trustee or guardian, please give your full title.

**Please complete and date this proxy and return it promptly
in the enclosed postage-prepaid envelope.**
